

Highlights of the 2022 Fall Economic Statement and Announcements by Finance



Montréal, Nov 7th, 2022



Here are some highlights from Canada's Deputy Prime Minister and Minister of Finance Chrystia Freeland's Fall Economic Statement delivered on November 3, 2022, and other announcements by the Department of Finance.

Personal Tax

- **Canada Workers Benefit:** 3 quarterly automatic advance payments starting in July 2023 for the 2023 taxation year if certain conditions are met, with any residual entitlement calculated and paid through the individual's tax return for the year.
- **Extension of the Residential Property Flipping Rule to Assignment Sales:** Transactions made on or after January 1, 2023, for disposals of rights to purchase residential property via assignment sales.
- Moving forward with the creation of the **Tax-Free First Home Savings Account** and the doubling of the First-Time Home Buyers' Tax Credit.
- Reaffirms examining a **new minimum tax regime** to ensure all wealthy Canadians pay their fair share of tax – details to be released in Federal Budget 2023.
- Continuing with proposals of **doubling the GST credit** for six months, topping up the Canada housing benefit, and implementing the **Canada Dental Benefit**.
- Announced proposal to permanently **eliminate interest on federal student and apprentice loans** beginning April 1, 2023.

Business Tax

- Introduces a **corporate-level tax on share buy-backs**: 2% tax on the net value of all types of share buybacks by public corporations in Canada similar to a U.S. measure recently introduced (effective date: 2024) –details to be announced in the Federal Budget 2023 - the tax would come into force January 1, 2024.
- Continuing its commitment to establish an **Investment Tax Credit for Clean Technologies** by proposing a 30% refundable tax credit on the capital cost of eligible equipment (to be phased out starting in 2032, and a reduction of rate to 20% if certain labour conditions are not met), for acquisitions that become available for use on or after the day that the 2023 federal budget is released.
- Moving forward to implement a refundable **Investment Tax Credit for Clean Hydrogen**: Available for eligible investments made as of the day of the federal Budget 2023 - Minimum 40% tax credit for clean hydrogen production projects (to be phased out after 2030 and reduced by 10% if certain labour conditions are not met).
- Previous proposal for **limiting excessive interest and financing expenses**: Revised draft legislation released and postponement of the effective date to taxation years that begin on or after October 1st, 2023.
- **Digital Platforms-draft legislation** released to implement the reporting and due diligence standards of the Model Rules for Reporting by Platform Operators developed by the Organization for Economic Cooperation and Development, coming into force on January 1, 2024.

At SLF, we're here to help.

For more information contact your **SLF Advisor**.

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Other Measures

- Intention to enter into negotiations to **reduce credit card transaction fees** for small businesses - published amendments to legislation for regulating credit card transaction fees that will be introduced if there is no agreed upon solution.
- Addressing the **digitalization of money** by launching consultation with stakeholders on November 3, 2022.
- **Commitment to go forward** with various other previously announced measures.
- Announced a delay in the coming in force of the **Mandatory Disclosure Rules** for the reporting requirements for reportable transactions and notifiable transactions until the date on which a bill implementing these changes receives Royal Assent.

Finally, on November 4, 2022, the government introduced Bill C-32, which contains many measures previously announced, including the new trust reporting rules that have been **postponed until taxation years that end after December 30, 2023**.

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